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29 June 1954

## MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

ATTENTION: Inspector General

SUBJECT : CIA Policy with Respect to OIR

1. This memorandum is submitted with reference to the discussion which took place at the Director's Staff Conference on Tuesday, 15 June. It is not concerned with the problem of effective liaison with State in certain matters outside the cognizance of ONE and OIR, but is addressed exclusively to the subject stated above.

2. The ONE position, in brief, is that the contributions of OIR to National Intelligence Estimates (and the participation of Mr. Armstrong at the IAC level) are of positive value to CIA, and that a major alteration of the status quo would undo the good accomplished by General Smith in 1950-51.

3. Whatever may have been the case in 1946 or in 1949, the position of the Special Assistant for Intelligence and of OIR within the Department of State is now reasonably well established in accordance with the recommendations of the Dulles Report (page 161). Mr. Armstrong has access to the inner councils of the Department. He is one of the five officials who regularly attend the Secretary's "small" staff conference. OIR and its research divisions now have effective liaison with the appropriate policy Bureaus. The intelligence organization is as well regarded within the Department as is G-2 in the Army or ONI in the Navy. If there is still slight demand within the Department for OIR departmental estimates, that fact is primarily attributable to the fact that State, more than any other Department, has come to appreciate and request National Intelligence Estimates, to which OIR is the principal contributor. Thus OIR has come to regard contributions to NIE's as its most important function. This situation is decidedly advantageous to CIA.

4. In our experience, OIR is a highly respectable intelligence unit, its competence in its assigned area comparing favorably with

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that of G-2, ONI, or AFOIN in theirs. Indeed, OIR has a considerable advantage over the Service agencies in the professional character of its personnel and their continuity in service. The over-all average length of intelligence service in OIR is seven years. The average in senior positions is nine years. This depth of experience cannot be matched by any other Departmental agency, or by any DDI Office either. It makes OIR the most experienced research office in the Community.

5. There is nothing the matter with OIR that a more generous budget cannot cure. OIR has indeed been hurt by severe budget cuts, but has adjusted to that situation by cutting its production of Departmental papers in order to maintain its contributions to national intelligence, so that its usefulness to CIA has not been seriously impaired. The proper CIA policy with respect to this or any similar situation is that which prevailed in 1950-51. The concept then was that, if a Departmental agency were to become unable to meet its commitments to the Community, CIA should see to it that it was built up to requisite strength and should not make its disability an excuse to assume its functions. General Vandenberg chose to pursue the latter policy, with disastrous results for CIA and the Intelligence Community. No one who remembers that fiasco would for a moment consider repeating his mistake.

6. We understand that there have been difficulties between OIR, on the one hand, and OCI and ORR, on the other. Those with OCI apparently involve questions of treatment and presentation rather than of basic substance. Those with ORR are substantive. OIR frankly considers that ORR tends to exaggerate Soviet economic growth and capabilities. Our observation is that, in the matter of the Soviet "new economic policy", OIR was unduly conservative while ORR was commendably ready to re-estimate on the basis of the current evidence. But OIR contends further that ORR's subsequent contributions have been mutually inconsistent and self-contradictory, and we find some validity in this criticism, attributing the fault to a failure of communication and supervision within ORR. In any case, these substantive issues can be adjudicated on the merits of the argument in each case. Like those between the Navy and the Air Force, they mean more work and trouble for us, but contribute importantly to the search for the truth of the matter. The dissolution of OIR would not help toward the solution of any substantive problem, but, on the contrary, would make a well reasoned and well tested solution more difficult to achieve.

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7. OIR appreciates the services which ORR is capable of rendering to the Intelligence Community, within the agreed delimitation of its functions required by the Statute and the NSCID's. There is no reason in principle why a mutually beneficial working relationship could not be established between them. The root of all difficulties between OIR and OCI and ORR is OIR's apprehension lest those offices evolve in the direction taken by the late, unlamented ORE. Begging the question whether this apprehension is warranted by the facts, I presume that we could all agree that the actual development of anything resembling ORE should be scrupulously avoided. ORE was properly condemned by the Dulles Report and by the Hoover Commission; its liquidation was one of General Smith's first acts as DCI. Its revival in any guise would certainly destroy the present happy degree of cooperation within the Intelligence Community. If this is agreed -- if the policy of CIA in this respect is still what it was in 1950-51 -- then we could save ourselves much trouble with OIR and Mr. Armstrong by making that fact convincingly clear.

8. Any alteration of the status quo with respect to OIR would necessarily involve a radical departure from the principles on which present arrangements for IAC collaboration in the production of National Intelligence Estimates are based. Even though the immediate action were limited to OIR, the other Departmental agencies could not fail to see in it implications with respect to themselves, and would react as they did to General Vandenberg's plans and policies.

9. It is futile to think of dissolving OIR and relying upon the policy Bureaus in State for such contributions as OIR has hitherto made to National Intelligence Estimates. One might as reasonably propose to abolish G-2 and rely on G-3 for intelligence estimates. Apart from the consideration of policy bias, which is a real and important one, the Bureaus are inherently incapable of making such a contribution, no matter how knowledgeable they may be. The reason is that they exist for a totally different purpose, which fully occupies their time and attention, and would regard any substantial intelligence requirements imposed on them as an inconsequential distraction. This judgment is proved by the practical experience of the wartime JIC, which sought such contributions from State and found them to be unobtainable. Indeed, OIR was originally established in State precisely because the

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Bureaus were well known to be physically and psychologically incapable of doing such work. Any proposal now to substitute the Bureaus for OIR would fly in the face of both reason and experience.

10. The other alternative would be to assign OIR's function as a contribution to national estimates to an office in CIA, as a service of common concern. This plan would aggravate, rather than solve, the difficulties now complained of, and would create new difficulties.

- a. Transfer of the political intelligence research function from State to CIA would preclude that close association between intelligence research and Departmental operations which the Dulles Report regards as indispensable and for which Departmental regulations and practices now provide. If this relationship is difficult to maintain within the Department, it would be impossible to maintain from the outside. The experience of the Research and Analysis Branch of OSS proves the point.
- b. The assumption of OIR's functions by CIA would not solve the substantive issue between OIR and ORR, but would merely require its resolution within CIA. To some that might seem a more manageable situation from the bureaucratic point of view, but, in the experience of ONE, when there is reasonable basis for a substantive difference, it is better to have it out in the open rather than to have it suppressed by a command decision in private. For example, it has been greatly to the advantage of all concerned that differences between ONI and AFOIN have been brought out and resolved in NIE's instead of being glossed over in the Pentagon. Similarly, ONE would have much greater confidence in the relevant portions of NIE's, having OIR and ORR as a check against each other than it could have in an unchecked contribution by ORR.
- c. On frequent occasion the independent support of OIR has enabled us to contain aberrant political notions of the Service agencies. The support of another CIA office would not be as effective in this respect. By doing away with OIR, CIA would deprive itself of a most valuable ally.

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- d. The transfer of OIR's functions to CIA, whether to OCI, or to ORR, or to a new Office, would certainly raise the spectre of ORE, with the undesirable consequences indicated in paragraphs 7 and 8 above.
- e. If OIR were absorbed by CIA, would the Department of State continue to be represented on the IAC? If the answer is yes, one asks just what the State Department would represent. Would it represent anything more in the way of intelligence resources and judgment than the now representative of the Joint Staff? Is there anyone who wants two "Joint Staff" members on the IAC? On the other hand, if the answer is no, one asks "how will such non-representation affect the standing of NIE's in the Department?" It seems to me that estimates which were drafted without State Department participation, far from finding ready acceptance in the Department, would become the object of some sort of Departmental evaluation. Policy officers of the Department would want to know what their staffs thought of a given estimate before they bought it. The effect of the officer's requests would be the instantaneous creation of small intelligence operations which could and probably would produce estimates in disagreement with those of the IAC.

11. From the foregoing considerations, we conclude that CIA should support, by every appropriate means, the position which the Special Assistant and OIR have achieved within the Department of State, and if possible enhance it, recognizing that this policy is essential to the preservation of the present spirit of mutual confidence and collaboration in the production of National Intelligence Estimates. That spirit is unprecedented in the history of the Intelligence Community. It is not to be taken for granted, but, to be maintained, requires constant care and consideration.

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